

In the Matter of	)	No. G 03-57
	)	
Unigard Insurance Company	)	FINDINGS, CONCLUSIONS, AND
	)	
Unigard Indemnity Company	)	ORDER ADOPTING REPORT
	)	
Authorized Domestic Insurers	)	OF
	)	
	)	MARKET CONDUCT EXAMINATION
	)	
	)	

## BACKGROUND

An examination of the market conduct of **Unigard Insurance Company** and **Unigard Indemnity Company** (the Companies) as of May 31, 2002, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies hold Washington certificates of authority as stock insurers domiciled in Washington. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and comments and recommendations was transmitted to the Companies for comments on February 19, 2003. The Companies' response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Companies.

Subject to the right of the Companies to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

## **FINDINGS**

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 39 of the report.

## **CONCLUSIONS**

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of Unigard Insurance Company and Unigard Indemnity Company and to order the Companies to take the actions described in the Instructions and Recommendations section of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

## **ORDER**

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on page 26.

1. The Companies are ordered to establish procedures that ensure compliance with RCW 48.05.190(1) and that all policy documents and correspondence correctly identify the legal name of the insuring company. (Instruction 1)
2. The Companies are ordered to comply with RCW 48.30.040 to ensure that their advertising does not contain any false, misleading, or deceptive representations. (Instruction 2)
3. The Companies are ordered to comply with WAC 284-30-660 and establish procedures to ensure quotations or evaluations from rating services, advisory services, or other sources that are included in advertising are supported with explanations of how the rating structure works. (Instruction 3)
4. The Companies are ordered to establish procedures to ensure that every commercial policy eligible for schedule rating is included, and that documentation supports compliance with WAC 284-24-100. (Instruction 4)
5. The Companies are ordered to comply with RCW 48.19.040(6) to ensure that all policies are written according to the filed underwriting rules and rates manuals. (Instruction 5)

6. The Companies are ordered to comply with RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, and RCW 48.18.292 and send offers to renew, cancel, or non-renew according to the statutes. (Instruction 6)
7. The Companies are ordered to comply with WAC 284-30-570 when providing their reasons for canceling, denying, or refusing to renew policies. (Instruction 7)
8. The Companies are ordered to comply with WAC 284-30-330(9) to ensure that the coverage under which claims are paid is disclosed to first party claimants, either on the check, or under separate cover. (Instruction 8)
9. The Companies are ordered to consider identifying the name of the specific Companies and locations either on the home page or in a specific section of the web pages. (Recommendation 1)
10. The Companies are ordered to consider providing total loss evaluation training to their claims handlers related to the data supplied by vendors. (Recommendation 2)

IT IS FURTHER ORDERED THAT, the Companies file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Companies have addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 28<sup>th</sup> day of April, 2003.

MIKE KREIDLER  
Insurance Commissioner